



CITY OF DURHAM | NORTH CAROLINA

Date: December 21, 2010

To: Thomas J. Bonfield, City Manager

Through: Theodore L. Voorhees, Deputy City Manager

From: Donald F. Greeley, Director, Water Management
Bryant J. Green, Civil Engineer III

Subject: 2010 Residential Meter Replacement Project Phase II – Vanguard Utility Service, Inc. (Contract MR-6)

Executive Summary:

The Department of Water Management received bids on Friday, December 17th for Contract MR-6, 2010 Residential Meter Replacement Phase II. The proposed project consists of upgrading 20,500 manual-read residential water meters to new remote-read meters. This project is the second phase of the Residential Meter Replacement Program. Phase I was completed in December of 2010. A total of 5 bids were received, with Vanguard Utility Service, Inc. being the lowest responsive and responsible bidder.

Recommendations:

The Department recommends that the City Council:

1. Authorize the City Manager to execute a contract with Vanguard Utility Service, Inc. for the MR-6 Residential Meter Replacement Project Phase II for \$4,695,266.32.
2. Establish a contingency fund for the contract in the amount of \$470,000 and
3. Authorize the City Manager to negotiate change orders for the contract provided that the cost of all change orders does not exceed \$470,000 and the total project cost does not exceed \$5,165,266.32.

Background:

The City's Automated Meter Reading (AMR) project, once fully implemented, will serve as a multi-faceted efficiency tool. The benefits of an AMR system include convenience for both the City and the customer. Research has indicated that use of AMR technology can provide a much higher level of customer service and responsiveness leading to quicker detection and repair of leaks in customers' facilities, thus saving thousands of gallons of potable water over the course of a year. Additionally, City staff will be able to detect malfunctioning or tampered meters and provide immediate corrective action. This information, coupled with analytical data available from the meters will help utility staff and customers better manage the City's water supply.

As the more of the system is converted to the AMR technology, staff anticipates moving to monthly billing for all customers. Currently only large meters are read and billed on a monthly basis. Moving to a monthly billing cycle also provides a more stable revenue stream for the City while allowing customers to better monitor and budget their utility costs.

With AMR technology, meter readers can collect readings much quicker and more safely by simply driving by meter locations. The Department of Water Management anticipates a significant decrease in on the job injuries by this portion of the workforce. Streamlining the meter reading process will not eliminate positions; staff will be reassigned to new responsibilities within the unit and department as AMR becomes fully implemented. As currently planned, AMR will enable City forces to read the 80,000 plus accounts in the City's service area each month in 5 to 10 working days, using one-third of the existing assigned positions and vehicles. This project also fits into the community's Greenhouse Gas Reduction plan by decreasing the fuel consumption by the departmental fleet while maximizing the efficiency of the workforce.

This project is the second phase of the AMR meter replacement program and will replace an additional 20,500 meters in the system. During Phase I, which was completed in December 2010, 20,487 meters were installed in districts 3, 4, 6 and 9. Pending Council approval of this contract award, staff plans to issue the notice to proceed for Phase II mid-February, with an early April start date for installation. Bids for Phases III and IV, for 20,500 meters each, are planned fall of 2011 and spring of 2012 respectively.

Issues and Analysis:

The Department of Water Management formally advertised this project for bid on November 10th, 2010. The project was bid as a base bid with alternate additional bid. Five bids were received and opened on Friday, December 17th. The bid results, including the additional alternate bids, are:

Vanguard Utility Service, Inc	\$ 4,695,266.32
Pipeline Utilities, Inc.	\$ 5,083,870.00
Mueller Service Company, LLC	\$ 5,166,902.00
Monroe Roadways Contractors, Inc	\$ 5,413,517.57
TA Loving Company	\$ 6,636,325.00

The lowest responsible and responsive bidder is Vanguard Utility Service, Inc. The base bid plus the additional alternate bid is 5% under the Engineer's Estimate and within the budget allocated for this phase of the program.

Alternatives:

Alternative 1: Do not enter in to a contract with Vanguard Utility Service, Inc. and attempt to replace all of the meters with City crews. The City's crews are already committed to other assignments in the City. Using City crews will also take significantly longer and will necessitate the purchase and storage of 20,500 water meters.

Financial Impacts:

Funds for this contract are budgeted in the Automated Meter Replacement line item in the City's Capital Improvement Program. There are currently funds available for this contract:

Construction: 4100P760-731000-P0410 - \$4,695,266.32

Contingency: 4100P760-731900-P0410 - \$470,000

SDBE Summary:

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Vanguard Utility Service, Inc. of Owensboro, Kentucky to determine compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting. It was determined that Vanguard Utility Service, Inc. was in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

SDBE REQUIREMENTS

There were no SDBE requirements for this project.

WORKFORCE STATISTICS

The workforce statistics for Vanguard Utility Service, Inc are as follows:

Total Workforce	167	
Total Females	13	8%
Total Males	155	92%
Black Males	34	20%
White Males	68	41%
Other Males	52	31%
Black Females	0	0%
White Females	12	7%
Other Females	1	1%